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# Marketing Activities



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# Milk Marketing by Agreement

About 121,000 producers of about 13 billion pounds of milk worth almost 436 million dollars cooperated under milk marketing programs during the year ended last June 30. What are milk marketing agreements? What is their purpose and the statutory provision for them? What part do producers play in setting up programs? How does a program operate?

Prices of dairy products, with prices of other agricultural commodities, tended to decline much more than the prices of industrial products after World War I. Milk producers struggled to improve their situation without much success. In 1933, Congress passed the Agricultural Adjustment Act in an attempt to correct the price disparity which threatened to "destroy the purchasing power of farmers for industrial products, break down the orderly exchange of commodities, and burden and obstruct the normal currents of commerce."

The act authorized the Secretary of Agriculture to enter into marketing agreements with persons who handle, in interstate commerce, any agricultural commodity including milk and milk products. Enforcement provisions were added to the act in 1934 and 1935. These provisions of the Agricultural Adjustment Act were reenacted in 1937, with certain important amendments, and new legislation was included regarding the arbitration and mediation of milk disputes. The policy under this act as it affected milk was to establish milk-marketing conditions that would give producers a purchasing power equivalent to that of a specified base period. This base period was to be (1) not unreasonable in view of the price and available supply of feeds and other economic conditions that affect the market supply and demand for milk; and (2) one that would assure an adequate supply of pure, wholesome milk and promote the public interest.

The provisions of the Marketing Agreement Act relating to milk were to some extent a continuation and improvement of methods fairly well established in the dairy industry for distributing returns to producers. In order to bargain more effectively with distributors, producers had organized cooperatives to help control the price they received for their milk. Finally, feeling the need for additional support to secure this end, certain groups in the dairy industry requested the Government to provide services and regulations for the benefit of producers and handlers. They were provided under the Agricultural Adjustment Act. The Secretary of Agriculture was authorized to enter into marketing agreements with and to issue licenses to processors, associations of producers, and others engaged in handling agricultural commodities in interstate or foreign commerce. Cooperatives that wished help could organize their marketing plans and submit them to the Secretary for approval. Although programs

apply only to handlers, responsibility for proposing programs and formulating their provisions rests mostly upon producers and their cooperative associations.

#### How the Program Operates

Marketing agreements and orders are always preceded by a hearing. The following steps are taken in the formulation of milk marketing agreements and orders or amendments:

The industry requests the Secretary of Agriculture to hold a hearing on a particular marketing agreement or order.

The assistant administrator of the Production and Marketing Administration in charge of regulatory affairs investigates the application's merits.

The assistant administrator approves the hearing and serves notice.

A public hearing is held.

The assistant administrator prepares and files with the hearing clerk a report on the hearing and the proposed order or amendment.

Exceptions to the assistant administrator's report, if invited, are filed with the hearing clerk.

The assistant administrator files a final report to the Secretary of Agriculture.

The Secretary of Agriculture tentatively approves the agreement.

A referendum is held among producers, and the marketing agreement is submitted to handlers.

The President must approve issuance of the order if handlers of more than 50 percent of the volume of milk marketed refuse to sign the marketing agreement.

The Secretary of Agriculture issues a final order or amendment.

Milk marketing agreements voluntarily entered into by handlers are rare. Orders are mandatory under certain conditions to carry out provisions of the statute. The Secretary of Agriculture may issue an order setting up an agreement if it is favored by two-thirds of the producers or by producers handling two-thirds of the volume of milk, and by not less than 50 percent of handlers or by handlers of 50 percent of the milk by volume. Moreover, even though more than 50 percent of the handlers refuse to ratify the agreement, with the approval of the President the Secretary of Agriculture may issue an order making the agreement mandatory. Each order is designed to meet the specific needs of a particular area.

The Marketing Agreement Act provides for--

Classification of milk according to the form in which or the purpose for which it is to be used.

Fixing minimum prices for each classification to be paid by handlers and fixing the time for payments to be made for milk purchased from producers or producers' associations.

Uniform prices for all handlers, subject only to (1) adjustments for volume, market, and production differentials customarily applied by handlers, (2) the grade or quality of milk, and (3) the locations at which delivery is made to handlers.

Supplying market information to producers; verifying weights, sampling, and testing of milk purchased from producers; and assuring and securing payment by handlers for milk purchased, except where such services are rendered by a cooperative marketing association, in accordance with the provisions of the act.

Prohibiting unfair methods of competition and unfair trade practices in handling milk.

Selection by the Secretary of Agriculture of an agent or agency to administer the order, to make rules and regulations to effectuate its terms and provisions, to receive, investigate, and report complaints of violations to the Secretary, and to recommend needed amendments.

Upon request, handlers are required to furnish the Secretary with the information that will enable him to determine whether an agreement or order has carried out the policy of the act. Handlers' reports are substantiated by an examination of their books, records, or other documents.

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#### REVIEW OF USDA FOOD PROGRAMS ORDERED

Secretary of Agriculture Clinton P. Anderson announced February 15 that he had directed an immediate reexamination of all Department of Agriculture production, procurement, and distribution programs. The decision was the direct result of the increased seriousness of the food situation in war-torn countries and the shortages that have developed in feed grains in this country.

"The full impact of greatly curtailed crop production in many parts of the world, particularly in Europe, is now making itself felt," he said. "As each new adverse report of the outturn of crops and livestock becomes

available, the gap between essential requirements and available supplies widens."

In directing the review of the Government's food programs, Secretary Anderson stressed the need for giving careful attention to cereals for both human and animal consumption, fats and oils, livestock and meats, and dairy and poultry products. The appraisal Secretary Anderson called for has four main points. They are:

1. Production goals, including price support programs, should be reviewed in the light of changed conditions to assure adequate production of total food supplies and of critically short commodities.

2. Procurement programs should be reexamined to determine whether they are "sufficiently aggressive to meet or exceed our commitments."

3. Consideration should be given to the need for stockpile programs to take advantage of seasonal peaks in the production of dairy and poultry products, fats and oils, and meats to provide a year-round balance in the supply of these products.

4. Explore the possibility of purchasing needed foods in other countries in order to prevent dissipation of supplies and to meet urgent needs.

Secretary Anderson set down a time-table for the reviews so that the reports would be returned to him within 2 weeks. Review of production goals was scheduled at the head of the list so that producers will have time to revise their 1946 plans for livestock production and field crops, especially grain plantings, in the event changes from currently established goals are found necessary.

#### DETAILS OF WHEAT CONSERVATION ORDER ANNOUNCED

A broad program of wheat and flour controls as a part of President Truman's 9-point program to help feed Europe was announced February 15 by the Department of Agriculture.

The program is designed to conserve wheat and flour and to facilitate the movement of these foods to foreign peoples in greatest need. It has been formulated to meet export commitments, to maintain adequate supplies of wheat and flour for domestic food consumption, and to maintain adequate carry-overs until new-crop wheat becomes available in July.

To achieve these objectives the Department has issued War Food Order 144, effective February 18, 1946. The order (1) limits the use of wheat by mixed feed manufacturers, and prohibits the use of flour in the manufacture of mixed feed unless the flour is unfit for human consumption,

(2) limits inventories of wheat by domestic millers and mixed feed manufacturers, (3) limits inventories of wheat and flour by food manufacturers, (4) limits inventories of flour by distributors, (5) prohibits millers from producing any flour on and after March 1, 1946, that consists of less than 80 percent by weight of the cleaned wheat from which the flour is produced, and (6) tightens control of wheat exports.

Besides facilitating the domestic distribution and exports of wheat and flour, the order seeks to reduce the nonfood uses of these commodities. Prohibition against the use of wheat and wheat products by beverage distillers through June 1946 has been announced. The order applies to 1945-crop wheat with the exception that the 80-percent flour extraction provision applies to both 1945- and 1946-crop wheat.

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#### THE NUTRITIONAL VALUE OF 80-PERCENT FLOUR

For a long time modern white flour has been losing important values in the milling. In order to have it white and fine, with good keeping qualities, the outer coat of the wheat berry was removed and with it about seven-eighths of the thiamine and niacin, three-fourths of the riboflavin, and four-fifths of the iron, as well as some calcium, phosphorus, and some protein of better quality than the heart of the grain contained.

Enrichment returned some of these values, namely the three B vitamins--thiamine, riboflavin, and niacin--as well as iron. If present levels of enrichment of flour are maintained, the new 80-percent flour will give these same values and in addition improve the protein quality. The 80-percent flour unenriched does not have as much thiamine, riboflavin, niacin, and iron as the present enriched white flour.

Only about 65 percent of the flour and flour products have been enriched. Substituting the new flour for the old will markedly improve the thiamine content of the remaining 35 percent.

The 80-percent-extraction wheat flour unenriched has about 40 percent as much thiamine as whole wheat flour, but only one-half as much riboflavin and iron, and one-fourth as much niacin as the whole wheat.

Bread and grains contribute more than a quarter of the calories and protein in the national diet. This amount of protein is almost as much as that from meat, poultry, game, and fish combined, though this protein is of poorer quality unless it is eaten with milk, meat, eggs, or other high-quality protein foods.

The President's order calls for a flour made of 80 percent of the wheat, but British flour has called for 85 percent during most of the war years. Calcium was added to this flour by the British, but no need for this is anticipated in the United States where supplies of milk and milk products and green vegetables are so plentiful.

# Baling Cotton Denser at Gins

Today American cotton faces strong competition from foreign cotton production and from synthetic fibers. In the contest to come the cotton industry can hardly afford to pass over any good way of reducing marketing costs or of protecting cotton from damage as it is handled in marketing channels. One good way is to use equipment for automatic mechanical sampling of cotton bales, which has been developed recently (see Marketing Activities, October 1945). Use of such samples in all cotton transactions would help to reduce the losses that result from the mutilation caused by present sampling methods. Another way to reduce costs is to protect the bale contents better with closely woven coverings. A third way is to compress the bales to standard density at the gin.

## Two-Step Process

Cotton compressing has long been a two-step process. At the gin, after the cotton lint is separated from the seed, it is compressed into bales of low density. But it is still not ready for shipment if advantage is to be taken of the lowest available freight rates. The low-density bales must be transported to the compress plant where heavier equipment compacts them into the standard-density bales of domestic commerce.

This second compressing, of course, adds another item to the list of costs necessary to bring American cotton to the domestic market. The possibility of avoiding this item, of subjecting the lint at the gin to enough pressure to give it the "standard" density of 22-25 pounds per cubic foot needed for domestic shipment at favorable rates, had been a question for some time. (Minimum ocean freight rates, as compared with domestic rates, require recompression at compress plants to "high" density.) To learn the answer, Department of Agriculture technologists and engineers began experimenting with gin compresses. Their investigation is now completed. Here is what they found out about the method of standard-density compression at the gin:

It is mechanically practicable and economically feasible.

It will bring substantial reductions in marketing costs

It will turn out bales of improved appearance.

It will eliminate press cuts and increase the protection against damage, deterioration, and loss.

It will turn out bales that are easier to handle in shipping and in the opening and picking processes at the mill.

In the past, manufacturers have supplied for use in the United States special gin presses that produced 250-pound round bales, and presses for use in South America that produced 400-pound square bales. But the 500-pound square

bale is the accepted standard of cotton growers and the trade. Most press boxes accommodate this size bale and are a uniform 54 inches long. Condensers and trampers, used in packing the cotton lint into the receiving boxes, fit this size box. Therefore, conversion from low- to high-density presses at cotton gins presented two problems: (1) How can we prevent a broad departure from existing conditions and equipment or great expense for new machinery? (2) How shall we construct the press to meet bale-packaging requirements for standard-density domestic shipment and consumption and to permit satisfactory recompression of bales to the high density required for export?

Some cotton presses press upward from beneath the bale and some press down from above. Up-ranking presses were 88 percent (11,522) of all U. S. gin presses in 1940. Although Department investigations were of up-ranking presses only, the findings are applicable to down-ranking presses also.

The usual low-density double-box gin press in this country has wooden or steel cotton and press boxes, and steel frames and columns. A trumper packs the cotton down into the receiving boxes in both up-ranking and down-ranking presses. A single hydraulic ram generally does the pressing. Laboratory and field investigations in both rain-grown and arid cotton regions indicate that standard density can be obtained satisfactorily with three  $9\frac{1}{2}$ -inch-thick rams and press boxes 20 inches wide. The length of rams in low-density gin-bale presses needs to be increased about 20 inches to provide a 90-inch stroke. No change in box depth is needed.

Only skilled mechanics working with adequate shop facilities should convert the low-density press. When possible, advantage should be taken of any available heavy-duty parts from linters and export presses.

#### Installation Costs

Installation costs of a factory-built standard-density, all-steel cotton-gin press with convertible narrowed boxes, three rams, piping, and trumper alterations to fit probably would range from \$2,000 to \$2,500 higher than the low-density type of press. To cut conversion costs, former equipment might be sold as a complete unit or parts might be salvaged for reuse. The investment could be amortized over a good part of the estimated 20-year lifetime of each type of press.

Standard-density gin pressing would mean for growers a packaging service at a slightly increased cost--the rate of increase varying with the salvage value of the old equipment and the ginning volume. The overall increase in cost to the ginner would vary about as follows: 7 cents a bale on a season's volume of 5,000 bales; 10 cents on 3,000 bales; 15 cents on 2,000 bales; and 27 cents on 1,000 bales. Remember, however, that this increase is only the cost difference between standard-density gin compression and low-density gin compression. If we add the cost of low-density compression at the gin to that of standard-density compression at the compress, and compare that total with the cost of the one-step process

of standard-density compression at the gin, we find net savings ranging from 43 cents a bale on a 1,000-pound volume basis to 63 cents on a 5,000-bale volume basis.

The planting of improved varieties and strains of cotton has tended toward the production of cotton of better and more uniform quality. This standardization of production on an area basis makes it possible for mill buyers to buy specific varieties and ship such cotton in carload lots direct from the gin--provided the gin is equipped to compress it to the standard density required for minimum rail freight rates.

#### NEW USE COTTON PROGRAM

A program designed to promote the use of lint cotton in the production of batts used as filling materials for automobile seat cushions, backs, and doors was announced February 20 by USDA.

Manufacturers had indicated to the Department that large quantities of low-quality lint cotton would be used in the production of these batts if the lint cotton could be obtained at prices competitive with other materials.

To facilitate the use of the lint cotton, the Department is offering to make payments of 4 cents a pound to all manufacturers holding approved applications under the program. The payments will apply to lint cotton used in the manufacture of batts which are delivered to concerns engaged in the manufacture of automobile bodies or in the construction of seats, backs, or interior panels for installation in such bodies before January 1, 1947.

The lint cotton used must be not less than 3/4 inch in staple length and not lower than the lowest grades in the universal standards for American upland cotton. Manufacturers interested in the program should file applications with the Cotton Branch, Production and Marketing Administration, Washington 25, D. C. The cotton to be used in the batts must be purchased before July 1, 1946. Purchases of the cotton may be made either from the Commodity Credit Corporation or elsewhere.

#### NO CORN MARKETING QUOTAS IN 1946-47

Formal announcement that there will be no corn marketing quotas and no acreage allotments during the 1946-47 corn production and marketing season has been issued by USDA. Action was taken in accordance with provisions of the Agricultural Adjustment Act of 1938.

## COTTON CLASSIFICATION AND MARKET NEWS SERVICE

Free cotton classification and market news services under the Smith-Doxey Act will be available in 1946 to organized cotton improvement groups, USDA has announced. Groups organize, adopt a variety of cotton, file applications, and meet certain other requirements in order to be eligible for the services.

Group applications should be filed with the Production and Marketing Administration as soon as possible after all members have planted their cotton but not later than July 1 in Zone 1 and July 15 in Zone 2. Zone 1 comprises South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Arkansas, and all Texas counties lying entirely or for the most part east of the 100th meridian. Zone 2 comprises Virginia, North Carolina, Tennessee, Kentucky, Missouri, Oklahoma, New Mexico, Arizona, California, and Texas counties lying entirely or for the most part west of the 100th meridian.

## CCC TO POOL 1944-CROP LOAN COTTON

All 1944-crop cotton, including American-Egyptian, and all 1943-crop American-Egyptian cotton still under loan on July 1, 1946, will be pooled for producers' account by the Commodity Credit Corporation. Producers meanwhile may repay these outstanding loans and redeem their cotton under the terms of the loan programs. In the early part of February, loans were outstanding on about 806,000 bales of 1944-crop upland cotton from the 2,114,000 bales placed under loan and about 1,300 bales of 1943- and 1944-crop American-Egyptian cotton of the 2,500 bales placed under loan.

## COTTON STUDY GROUP EXPLORING BASIS FOR AGREEMENT

Attitudes of a number of governments represented in the International Cotton Study Group to the nature of a possible agreement have not yet crystallized, according to a recent statement authorized by the group. The discussions were continuing in Washington for the purpose of exploring the basic principles on which a generally acceptable agreement could be based.

The study group is not empowered to negotiate a final agreement but is to submit a report to the International Cotton Advisory Committee. So far no detailed consideration has been given to the problem of national shares in world trade or to world cotton price objectives.

# The Wool and Mohair Rate Case

Hearings on railroad freight rates for wool and mohair, to begin February 13 at Chicago, may result in rate reductions that will benefit 400,000 U. S. producers of these two agricultural products. For many years United States Department of Agriculture rate specialists have been comparing rail rate levels of wool and mohair with rate levels of other farm products, both raw and processed, and in all cases wool and mohair rates have been found to be higher--as well as generally higher than most items of nonagricultural commerce. Because by statute its job is to work for reductions wherever freight rates on farm products are inequitable, USDA will continue to take an active hand in the hearings opening at Chicago. The following summary traces the developments since 1939 in this important rate case.

## Summary

Section 201 of the Agricultural Adjustment Act of 1938, as amended, in substance authorizes the Secretary of Agriculture to represent the producers of agricultural products before the Interstate Commerce Commission. It provides that before the Commission shall dispose of any complaint with respect to rates, charges, tariffs, and practices relating to the transportation of farm products, it shall cause the Secretary to be notified and "upon application...permit the Secretary to appear and be heard." Section 201 also states that "if such rate, charge, tariff, or practice complained of is one affecting the public interest, upon application by the Secretary the Commission shall make the Secretary a party to the proceeding." Moreover, in effect the Secretary is authorized to cooperate with and assist cooperative associations of farmers appearing before the Commission.

In 1939, the National Wool Growers Association petitioned ICC to investigate the wool and mohair rate structure throughout the United States. USDA supported the petition.

In December 1939, the Texas Sheep and Goat Raisers Association, at its annual convention, adopted a resolution requesting the Secretary of Agriculture to study the wool rate structure throughout the United States with a view to determining what might be done toward instituting a general investigation before ICC.

Early in 1940, a meeting of the National Wool Growers Association, with whom 12 State associations of wool producers are affiliated, adopted this resolution: "It is the consensus of this association that there should be a realinement and readjustment of rail rates on wool. We, therefore, request the Secretary of Agriculture to conduct a study of the wool rate structure throughout the United States with the view of determining what action might be taken toward instituting a general investigation before the Interstate Commerce Commission."

After acting on these requests, in August 1941 the Department notified both these organizations that the exploratory survey was completed and that a substantial number of rates on wool and mohair had been compiled.

In June 1942, ICC was petitioned to institute an investigation of the reasonableness and lawfulness of rates on wool and mohair. The joint petitioners were the National Wool Growers Association, the National Wool Marketing Corporation, the National Livestock Producers Association, Pacific Wool Growers, Inc., and the Livestock Traffic Association. These petitioners represented 58 affiliates. The Secretary of Agriculture formally endorsed the petition on July 18.

On July 31, the ICC on its own motion instituted a general investigation of all charges incident to the transportation by rail, or partly by rail and partly by water, of wool and mohair in the continental United States.

On September 11, at Chicago, the petitioners requested ICC to prepare and introduce as evidence a cost study covering the transportation of wool and mohair throughout the Nation. Shortline mileages via available routes and tonnage statistics (carloadings) were requested of the carriers.

On October 12, ICC denied the petitioners' request relating to a cost study.

On October 15, ICC was informed that the carriers had not furnished specific data relating either to mileages or to the average weight per carload of wool in various packages.

On November 3, the carriers did submit mileages between points agreed upon, which were generally via the shortest workable routes. The petitioners had requested mileages via the shortest available routes without transfer of lading.

On November 14, the carriers petitioned ICC to broaden the investigation to include motor and water carriers as well as the railroads. This request was immediately opposed by the petitioners and the Secretary of Agriculture.

About the same time, the petitioners requested ICC to make the cost-finding evidence a part of the case record.

On December 17, ICC denied both these requests.

Dates and places of hearing were set, the first date being August 31, 1943. Before that time, owing to various shifts and losses of essential USDA personnel as a result of war conditions, it became necessary for USDA to request a delay. During August, the Commission ordered discontinuance of the investigation and canceled the hearings.

In May 1945, the carriers petitioned ICC to defer hearings on the case until after the war with Japan. A little later the Director of the Office of Defense Transportation also asked that the case be put off for the duration, unless it could be shown that an emergency existed. Finally, hearings were scheduled to begin on January 9, 1946.

On October 19, 1945, the railroads again petitioned ICC to broaden the scope of the investigation to include motor vehicles and water transportation. ICC denied this petition.

The hearing set for January 9 at Chicago had to be postponed because of insufficient hotel accommodations. Hearings are now scheduled as follows: Chicago, February 13--March 1; Fort Worth, March 5; Denver, March 11; Salt Lake City, March 18; Portland, March 26; and San Francisco, April 2.

On June 13, 1944, a conference held at Washington was attended by representatives of State public utilities commissions, national and State wool growers organizations, national farm organizations, the Department of Agriculture, and others. The objective of the meeting was to learn the wishes of the various representatives of wool growers with regard to petitioning ICC to reinstitute the investigation. The consensus of the meeting was that ICC should be petitioned. Late in July, conferences at Salt Lake City indicated that various far-western wool interests also were of this opinion.

On November 6, 1944, the Secretary of Agriculture petitioned ICC to reinstitute the investigation. The petition was supported by all the original petitioners and by 24 public utilities commissions and 7 State departments of agriculture.

On February 5, 1945, ICC denied the petition for reopening the investigation, but later--on May 7, 1945--ICC did reinstitute the investigation.

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#### CHANGE IN SET-ASIDE CREDIT FOR RICE TO TERRITORIES

Effective February 24, (1) each Southern rice miller will be allowed set-aside credit for shipments of rice to Puerto Rico and the Virgin Islands up to 40 percent of his monthly set-aside requirement and (2) each California rice miller will be allowed set-aside credit for shipments to Hawaii up to 15 percent of his monthly set-aside requirement.

The action was provided for in an amendment to War Food Order 10 in order to limit the quantity of rice shipped to Puerto Rico, the Virgin Islands, and Hawaii in conformity with allocations set up for these Territories.

## ACREAGE ALLOTMENTS REDUCED 10 PERCENT FOR BURLEY TOBACCO

A 10 percent reduction in the national marketing quota and farm acreage allotments for the 1946 crop of burley tobacco was announced by USDA on February 21. Allotments total 558,000 acres as against 610,000 acres in 1945. The acreage was cut in order to bring burley supplies more nearly in line with demand. During the past two marketing years, available supplies of burley have increased by approximately 200,000,000 pounds.

With average yields per acre, and a normal relationship between allotted and harvested acreage, the 1946 burley crop would be about 498,500,000 pounds as against the latest official estimate for the 1945 crop of about 603,000,000 pounds. The acreage allotment reduction is authorized in the most recent amendment to the Agricultural Adjustment Act of 1938, as amended. Burley producers, having experienced sharp reductions in the price of some grades of this tobacco which they grew in 1945, have expressed themselves as favoring the reduction in acreage allotments.

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## FIRE-CURED AND DARK AIR-CURED TOBACCO ACREAGES INCREASED

General increases in the marketing quotas and allotted acreages for dark air-cured and fire-cured tobaccos to be grown in 1946 were issued February 19 by the U. S. Department of Agriculture. Acreage allotments for dark air-cured will be increased by 10 percent and those for fire-cured by 20 percent over the basic computed acreages for these tobaccos.

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## RUTIN READY FOR COMMERCIAL PRODUCTION

Rutin, a drug with medical values undetected for more than a century, is ready for full-scale production for the first time, and enough to meet present medical needs in treating fragile and weakened capillaries will be available this year.

Commercial manufacture of rutin, a bright yellow nontoxic powder, has been made possible by the discovery by the Bureau of Agricultural and Industrial Chemistry that the green buckwheat plant is an economical source. The search for a plant yielding rutin has been carried on by the bureau over the past 2 years, and the findings indicate that the need for rutin, including its likely use in human nutrition, may take as much as 10 percent of the prewar buckwheat acreage.

# Tomorrow's Packages

During the war, military food had to be transported over long distances and under extremely unfavorable conditions. To make this feeding job possible, a lot of research was done on container materials and construction. As a result food packaging, which had made great progress before the war, is set to move forward again--this time with such aids as V-board, waterproof lacquers, and plastic films.

Petroleum waxes have been used in the manufacture of inner wrappers for cracker boxes for over half a century. Today waxed cartons are used for moist products such as butter, milk, ice cream, and quick-frozen fruits and berries. Folding boxes, with or without "windows," give more protection than paper bags or transparent films or foils and are used for packaging many types of foods. Light in weight, they can be supplied to the packing plants in flat form, with a saving in shipping space and costs.

Wrapping material in direct contact with prepared foods must be flavorless, odorless, and nontoxic. Many of the new papers, plastics, and foils have these qualities. Some new wrappings may be heat-sealed to protect food freshness and may be printed with special attractively colored inks. For the retail packaging of many foods, kraft wrapping paper and bags, transparent film, and metal foils are sufficient.

Vegetable parchment (available in 179 varieties), which has a high degree of wet strength, is useful for packaging moist, fresh vegetables. Grease-resistant, it is suitable for butter, oleomargarine, shortening, fish, poultry, and meat.

Glassine, a grease-resistant, fine-fibered paper impregnated with water, has a transparent, glossy, filmlike surface which may be treated further with a coating of wax, lacquer, or other material. Its transparency provides opportunity for display of the contents.

## Plastic Films

Plastic films are of three types: Cellulose derivatives, vinyl resins, and rubber base (rubber hydrochloride).

Cellulose plastics are transparent, highly flexible, tough, and usually impervious to grease, but are not moisture-vapor-proof. They are well adapted to the packaging of fresh vegetables since moisture forming on the inside passes through the pores of the film wrapper, leaving it dry and transparent instead of somewhat opaque.

Vinyl films have a very high water-vapor-proof factor compared with other films. They are odorless and tasteless, do not

absorb water, and are excellent for packaging where moisture-vapor control is necessary. These films may be heat-welded and are stable in storage and sunlight.

Rubber-base films are highly moisture-vapor-proof, heat-sealable. Their high tensile strength can be increased for low temperatures by a variation in the formula.

A new group of polyethylene resins are tough, highly flexible, heat-sealable, tasteless, odorless, and inert to the dilute chemicals in foodstuffs.

An addition to the familiar tin and lead foils are the more recently developed aluminum foils. Metal foils are light-proof, eye-catching, and probably will be more widely used in food packaging than formerly.

Fibermesh, cotton, and multiwalled paper bags have been used for some time to package citrus fruits, potatoes, and root vegetables in consumer units. The multiwall bags generally consist of three to six layers of paper that distribute the weight of the contents through the several walls. This makes a stronger bag than does a single sheet of paper of the same weight. One layer of the bag may be treated for any particular type of protection desired. Suitable transparent films will be used also for packaging fresh vegetables for the retail trade.

#### Cost of Packaging

While the packaging of fresh vegetables and fruits increases costs at the packaging point, it is possible that trimming and the use of packaging machinery may reduce costs until packaged products can compete with products sold in bulk. It is expected that prepackaging costs will be offset by a saving in the time required for handling in succeeding stages of merchandising, especially the retailer's time. If the packer holds down costs, the retailer can meet competition with older methods of merchandising. Prepackaging protects against loss from waste, spillage of loose goods, insect infestation, evaporation of liquids, spoilage through loss or gain in moisture, and pilferage.

Good will toward the product is another expected return, since packaged foods will reach the consumer in better condition than loose goods. According to a Federal Trade Commission report on distribution costs for certain types of food products, some manufacturers have felt it worth while to increase the packaging costs of their products because of the "customer appeal" of packaged foods.

#### Merchandising

Improvement of packaging materials and methods will extend the self-service type of operation in retail food stores and reduce marketing costs. In many stores fresh fruits, vegetables, and meats will be displayed in packages and more ready-prepared foods will be available.

There is a great demand for ready-prepared foods by women who work away from home and by people who live in apartments that do not have complete kitchen facilities. Whole meals will be frozen precooked and packaged for the retail trade.

The possibilities of packaged foods are many. They are convenient to buy. The customer does not have to lose time waiting for service. Prepackaging gives a finer, fresher product. The use of trade-marked brands will increase; it will help the shopper make her selection because it will identify products previously found satisfactory.

Prepackaging of meats, frozen and fresh, will be tried as soon as display cases and enough satisfactory wrapping materials are available. Shoppers may select a steak or roast from a cooled cabinet without help in self-service stores as well as in many stores where service is available. A waxed cardboard boat, an identifying label, and a transparent wrapper give opportunity for inspection.

#### Advantages of Packaging

Packaged foods are kept fresh and uncontaminated from handling and dust. They are protected against insects, temperature and light changes, air that is too dry or too damp, and absorbing off-flavors or flavors of other foods.

Whether packaging is done by the farmer, the commercial packer, the wholesaler, or the retailer, it must protect the contents so that the consumer will find the food in usable condition, for consumers will not buy a second time a product that was not good because the package was not good.

The ripening of certain fresh fruits may be controlled by the use of cellulose acetate films, which allow fruits to ripen more slowly. Fruit to be sold at once may be unwrapped; wrappers on the remainder may be punctured for later ripening.

To compete with frozen-food processors, shippers of fresh vegetables may find it desirable to package them in the production area and keep them under continuous refrigeration to preserve their freshness. An added advantage is that the product may be more nearly field-ripened. Shipping charges on waste--stalks and the dry, wilted, or inedible outer leaves of vegetables--will be eliminated. This will offset the labor cost of prepackaging.

A New York company precooks and freezes highly attractive meals that can be heated on board airplanes. Such precooked and frozen meals or specialty foods would be useful in railroad dining-cars, or for a quick meal in private homes.

Dehydrated foods of the future must meet competition from fresh and frozen foods. Most dehydrated products look less attractive than

unprocessed products, but an attractive package may help sell them. Metal foils and (to some extent) rubber hydrochloride film have been found satisfactory for protecting such foods against moisture and the action of oxygen.

New packaging machinery is expected to speed up packaging and cut costs. Grocery chain stores probably will package food arriving in bulk containers direct from the packers or wholesalers at central warehouses. Wholesalers who sell either to chains or independents will find strong pressure to deliver goods to retailers in unit-type packages. Wholesalers may pass this demand to the packer--who may be an organization of farmers. There will be a demand for packaging at the lowest possible unit cost. This calls for packaging on as large a scale as possible and the use of packaging machinery. The production of machinery of low initial investment and high speed will be demanded. Machines with heating units to dry glue and set cement faster will be needed. It is reported that dielectric heating can be used in dehydrating fruits and vegetables.

New store arrangements will be necessary for the display of these newly packaged goods formerly sold in bulk. Some of these will need refrigeration. Store-keeping will be along cafeteria lines. Prepackaging will cut labor costs, make foods easier to handle, and tend to eliminate spoilage and waste.

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#### PRICES FURTHER REDUCED ON GOVERNMENT-OWNED WOOL

Further reductions in selling prices of stocks of Commodity Credit Corporation wool to encourage increased consumption of that domestic commodity by U. S. manufacturers were announced February 21 by the U. S. Department of Agriculture. The reductions are not to exceed 3 cents per clean pound for 1944, 1945, and 1946 wool and 5 cents per clean pound for 1943 wool held by CCC.

This action followed an initial reduction announced on November 27, 1945, which averaged 7 cents per pound (grease basis). The two price actions when combined average out at about  $8\frac{1}{2}$  cents per pound (grease basis) lower than the prices originally scheduled by the CCC for its wool holdings.

Sales under the new price schedules will be made by wool handlers operating under existing wool handlers agreements which provide a single fee for buying and selling wool for the account of CCC.

At the same time, the Department announced a change in method of wool sales. All such transactions will be ex-warehouse at the sale price, less the amount of unused freight deducted from producers at the time the wool was purchased.

## PORK SET-ASIDE INCREASED

Increase in the set-aside provisions affecting federally inspected pork was announced by USDA on February 15. This action, taken under amendment 27 to WFO 75.3, requires federally inspected meat packers in 37 States to set aside for Government purchase a quantity of pork and pork products (other than lard) the weight of which will equal 10 percent of the live weight of hogs slaughtered each week, effective February 17.

Set-aside provisions on federally inspected pork other than lard were reinstated February 10 at the  $7\frac{1}{2}$  percent level. Eleven States in the Southeast, where production of federally inspected pork is small, were exempted from the set-aside provisions. There was no change in the lard set-aside, which remains at a quantity equal to 5 percent of the live weight of hogs slaughtered weekly.

The increase in the pork set-aside was necessary to further the Department's procurement of meat for critical needs abroad. Although the Department has been purchasing pork for foreign shipment, the set-aside provisions will make it possible to procure a larger proportion of needed supplies during the period when pork output is high.

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## USDA SALES OF SURPLUS FARM COMMODITIES

Sales of food and other agricultural commodities, declared surplus by other Government agencies for disposal by the U. S. Department of Agriculture, totaled \$34,366,545 at the end of January 1946.

More than half the total sales by the Department were accounted for by butter stocks turned in as surplus by the Army.

The total sales represent a sizable portion of the \$103,515,078 worth of "surplus" food and farm products declared to the Department by other branches of the Government and actually available for disposal through the same date.

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## SOYBEAN OIL TO GREECE IN EXCHANGE FOR OLIVE OIL

Three thousand metric tons of soybean oil will be allocated for export to Greece as a result of assurances received from the Greek Government that export permits will be granted for an equal quantity of olive oil for importation into the United States.

#### ABOUT MARKETING:

The following addresses and publications, issued recently, may be obtained upon request. To order, check on this page the publications desired, detach, and mail to the Production and Marketing Administration, U. S. Department of Agriculture, Washington 25, D. C.

#### Addresses:

Agricultural Markets and Marketing, by Clinton P. Anderson, Secretary of Agriculture, at Washington, D. C. February 4, 1946. 9 pp. (Mimeo graphed.)

Opportunities in Appetites, by Clinton P. Anderson, Secretary of Agriculture, at Atlantic City, N. J. February 5, 1946. 13 pp. (Mimeo graphed.)

Price Relationships as They Affect Markets for Food, by Clinton P. Anderson, Secretary of Agriculture, at Des Moines, Iowa. February 15, 1946. 12 pp. (Mimeo graphed.)

Credit for Tomorrow's Agriculture, by Clinton P. Anderson, Secretary of Agriculture, at Columbia, Mo. January 16, 1946. 13 pp. (Mimeo graphed.)

How Much Can Farmers Produce in Peacetime? by H. R. Tolley, Bureau of Agricultural Economics, at Des Moines, Iowa. February 15, 1946. 12 pp. (Mimeo graphed.)

#### Publications:

Feed Grains and Meat Animals in War and Peace. (Bureau of Agricultural Economics) November 1945. 55 pp. (Multilithed.)

Looking Ahead With Cotton. MP 584. (United States Department of Agriculture) December 1945. 22 pp. (Printed.)

Cold Storage for Apples and Pears. Circular No. 740. February 1946. 61 pp. (Printed.)

Handling and Shipping Early Potatoes. Circular No. 744. January 1946. 44 pp. (Printed.)

Agricultural Policy. MP 589. (United States Department of Agriculture) December 1945. 41 pp. (Printed.)

Agricultural Finance Review. (Bureau of Agricultural Economics) November 1945. 104 pp. (Multilithed.)

